

INFORMATION REPORT

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COUNTRY China (Taiwan)

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SUBJECT Causes and Results of Kuomintang Reorganization

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CHARGE

1. The recent reorganization of the Kuomintang (KMT) was undertaken for the purpose of bringing every independent or potentially independent organization, political or otherwise, under the control of Kuomintang military divisions. This purpose has been accomplished, and the situation on Taiwan has taken a turn for the worse. Certain incidents which have occurred behind the scenes indicate that the KMT is making sure that no young and ambitious party members or individuals inclined to independent action have a chance to challenge the Party's control over any phase of island activity.
2. It will be noted that reorganization of the Party, with its attendant restrictions on persons popular with Americans, took place after the United States had declared its intention of preventing a Communist invasion of Taiwan. Until this declaration, K. C. WU and SUN Li-jen were allowed a large measure of freedom, relatively speaking, in the discharge of their administrative and military duties. As soon as American interest in the island was assured, the Party moved to neutralize the influence of these American favorites.
3. To please the Americans, the KMT ostensibly rid itself of CHEN Li-fu; however, CHEN will probably be back in party favor within three months. K. C. WU, whose political life is on a day-to-day basis, will probably be forced out of office within the same period.

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